Investor Presentation

September 2019

at home

Disclaimer

This presentation contains forward-looking statements. You can generally identify forward-looking statements by our use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “seek,” “vision” or “should,” or the negative thereof or other variations thereon or comparable terminology. In particular, statements about our preliminary estimated financial results for the fiscal year ending January 25, 2020, the impact of changes to lease accounting standards under GAAP, the markets in which we operate, expected new store openings, our real estate strategy, growth targets, potential growth opportunities, future capital expenditures, future cash flows, the impact of tariffs, and estimates of expenses we may incur in connection with equity incentive awards to management and our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance contained in this presentation are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements contained in this presentation are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate, may differ materially from the forward-looking statements contained in this presentation. In addition, even if such results or events are consistent with the forward-looking statements contained in this presentation, they may not be predictive of results or developments in future periods.

See “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 26, 2019, filed with the SEC on March 27, 2019 and other documents we file with the SEC for more complete information about the factors that could affect our results of operations, as well as our quarterly reports on Form 10-Q and current reports on Form 8-K for more information about At Home Group Inc. (the “Company”). You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov.

Any forward-looking statement that we make in this presentation speaks only as of the date of such statement. Except as required by law, we do not undertake any obligation to update or revise, or to publicly announce any update or revision to, any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation.

The non-GAAP financial measures contained in this presentation (including, without limitation, comparable store sales, Adjusted EBITDA, Store-level Adjusted EBITDA, adjusted operating income, pro forma adjusted net income) are not GAAP measures of our financial performance and should not be considered as alternatives to net income (loss) as a measure of financial performance, or any other performance measure derived in accordance with GAAP. We present Adjusted EBITDA, Adjusted EBITDA margin, Store-level Adjusted EBITDA and Store-level Adjusted EBITDA margin, which are not recognized financial measures under GAAP, because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance, such as interest, depreciation, amortization, loss on extinguishment of debt, impairment charges and taxes. We present adjusted operating income and pro forma adjusted net income because we believe investors’ understanding of our operating performance is enhanced by the disclosure of net income adjusted for nonrecurring charges associated with events such as our IPO and refinancing transactions. You are encouraged to evaluate each adjustment to non-GAAP financial measures and the reasons we consider it appropriate for supplemental analysis. In particular, Store-level Adjusted EBITDA does not reflect costs associated with new store openings, which are incurred on a limited basis with respect to any particular store when opened and are not indicative of ongoing core operating performance, and corporate overhead expenses that are necessary to allow us to effectively operate our stores and generate Store-level Adjusted EBITDA. There can be no assurance that we will not modify the presentation of our non-GAAP financial measures in the future, and any such modification may be material. In addition, in evaluating Adjusted EBITDA, Store-level Adjusted EBITDA, adjusted operating income and pro forma adjusted net income, you should be aware that in the future, we may incur expenses that are the same as or similar to some of the adjustments in the presentation. Our presentation of Adjusted EBITDA, Store-level Adjusted EBITDA, adjusted operating income and pro forma adjusted net income should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In addition, Adjusted EBITDA, Store-level Adjusted EBITDA, adjusted operating income and pro forma adjusted net income may not be comparable to similarly titled measures used by other companies in our industry or across different industries and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA, Store-level Adjusted EBITDA, adjusted operating income and pro forma adjusted net income only as supplemental information.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any security of the Company.

A Highly Differentiated Retail Growth Story

Differentiated Retail Concept

- Specialty retailer with **unmatched breadth and depth** of assortment
  - **~105,000** square feet offering over **50,000 SKUs**
- Offering compelling value through **everyday low prices**

Significant Whitespace

- Capitalizing on availability of **low cost, second-generation real estate**
- Demonstrated portability – **206 stores** across **39 states** spanning **small and large markets**
- **600+** total store potential nationwide

Strong Financial Growth

- Compelling new store economics with **payback period of <2 years**(1)
- 6-Year Historical Net **Sales CAGR of ~21%**(2)
- Adjusted EBITDA margin **in excess of 15%**(3)

Any Room, Any Style, Any Budget

Housewares

Furniture

Textiles and Rugs

Wall Décor

Seasonal

Outdoor

Note: Store information as of September 4, 2019. Potential store opportunity based on research conducted by Buxton Company ("Buxton").
(1) Represents actual payback period for new stores opened after FY2013 and open at least 12 months as of January 26, 2019, excluding certain builds subject to ground leases that we do not expect to include in sale-leaseback transactions.
(2) Compound annual net sales growth rate for FY2013 through FY2019.
(3) Annual Adjusted EBITDA margin for FY2014 through FY2019.

At Home's Strategic Pillars

HIGHLY DIFFERENTIATED CONCEPT

- Unmatched breadth and depth of assortment
- Value engineer customer's desired "look" at everyday low prices
- One-stop shop for any room, any style and any budget
- No direct competitor

INDUSTRY-LEADING PROFITABLE GROWTH

- Low cost structure creates customer savings
- Streamlined store and distribution center operations
- Enjoyable self-help shopping experience enabled by low store labor model

SUSTAINABLE LONG-TERM MODEL

- White space opportunity targeting 600+ stores with compelling new store-level economics
- Focused on balancing growth and profitability with free cash flow and reduced leverage
- Targeting positive free cash flow in FY2021 and < 2.5x Debt to Adjusted EBITDA ratio in FY2023[1]

(1) These targets represent our goals and are not projections of future performance. Our targets are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 26, 2019, filed with the SEC on March 27, 2019 and other documents we file with the SEC. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved, and the Company undertakes no obligation to update this information.

At Home by the Numbers

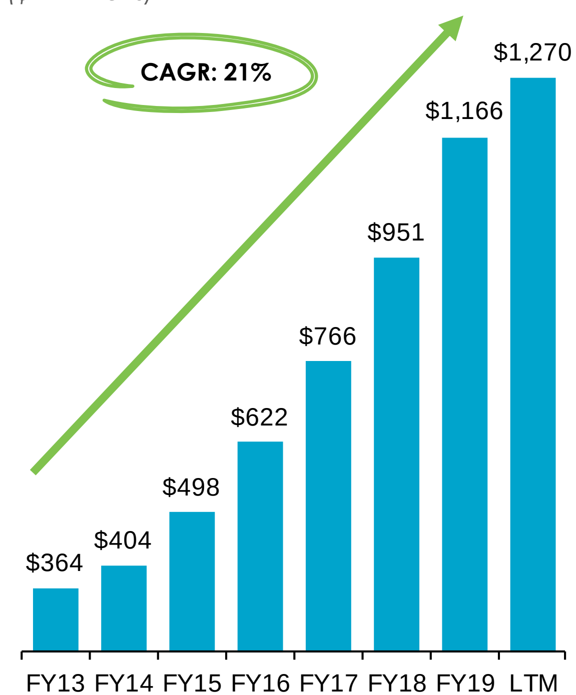
LOW-PRICE LEADER WITH UNMATCHED BREADTH AND DEPTH	**<$15** average price point and **~$65** average basket	**>80%** of net sales occur at full price	More than **10x** sq. ft. of other home décor retailers >**70% exclusive**(1)
FLEXIBLE REAL ESTATE STRATEGY AND COMPELLING NEW STORE ECONOMICS	Year 1 Sales of **$6.8** million(2)	Year 1 Store-Level Adj. EBITDA of **$2.1** million(2)	**<2 years** average payback period(3)
STRONG PERFORMANCE ENABLED BY MODEL	**21%+** Historical Sales CAGR(4)	**20%+** Historical Unit CAGR(4)	Store-Level Adj. EBITDA margin of **27%+**(5)

(1) Unbranded, private label or specifically designed for At Home.
(2) Represents FY2019 vintage actual results. For purposes of calculating store-level Adjusted EBITDA, synthetic rent assumed for owned stores.
(3) Represents actual payback period for new stores opened after FY2013 and open at least 12 months as of January 26, 2019, excluding certain builds subject to ground leases that we do not expect to include in sale-leaseback transactions.
(4) Represents results from end of FY2013 through LTM Q2 FY2020.
(5) Annual Store-level Adjusted EBITDA margin for stores open at least 12 months as of January 26, 2019.

Strength of Model Reflected in our Performance

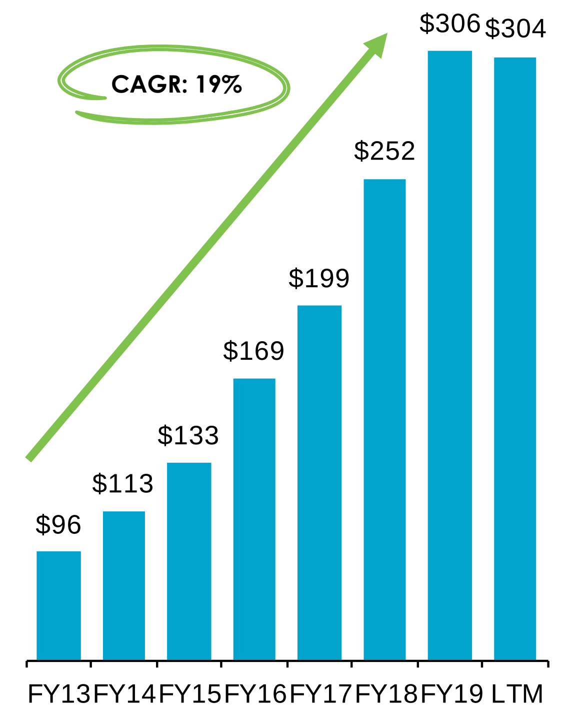
Net Sales

($ in millions)



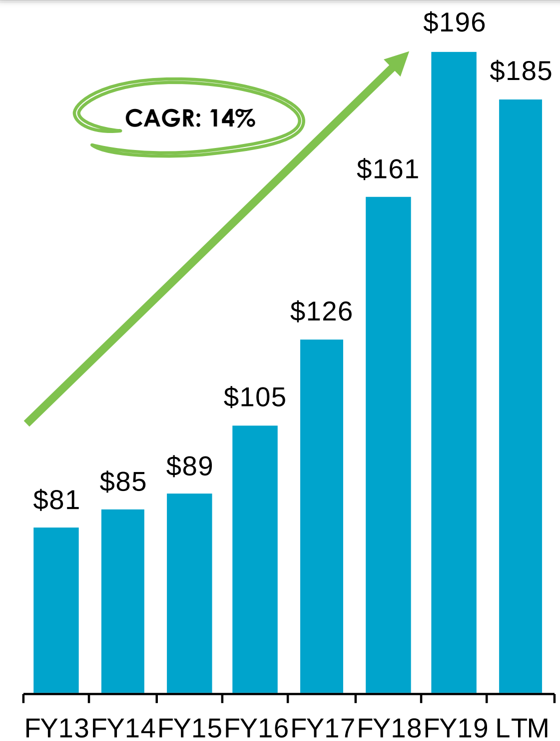
	FY14	FY15	FY16	FY17	FY18	FY19	LTM
Growth[2]	*11*	*21*	*27*	*23*	*24*	*23*	*21*
New Stores	*10*	*16*	*20*	*24*	*28*	*34*	*40*

Store-level Adjusted EBITDA[1]



	FY14	FY15	FY16	FY17	FY18	FY19	LTM
Growth	*18*	*18*	*27*	*18*	*27*	*21*	*9*
Margin	*28*	*27*	*27*	*26*	*27*	*26*	*24*

Adjusted EBITDA[1]



	FY14	FY15	FY16	FY17	FY18	FY19	LTM
Growth	*6*	*4*	*19*	*20*	*27*	*22*	*3*
Margin	*21*	*18*	*17*	*16*	*17*	*17*	*15*

(1) The adoption of ASC 842 in Q1 FY20 required, among other things, a change to the accounting treatment of sale-leaseback transactions and the reclassification of certain of our financing obligations. For illustrative and comparative purposes only, ASC 842's adoption would have impacted Store-level Adjusted EBITDA in FY19 and LTM Q2 FY20 by ($2.4M) and ($1.4M), respectively. ASC 842's adoption would have impacted Adjusted EBITDA in FY19 and LTM Q2 FY20 by ($5.2M) and ($3.1M), respectively. Please refer to the reconciliation of Adjusted EBITDA and Store-level Adjusted EBITDA in the appendix.

(2) FY15 contained an additional week of business. FY15 and FY16 net sales growth rates have been adjusted to exclude $7.8M in net sales earned in the 53rd week of FY15.

The Home Décor Superstore

Highly Differentiated Concept

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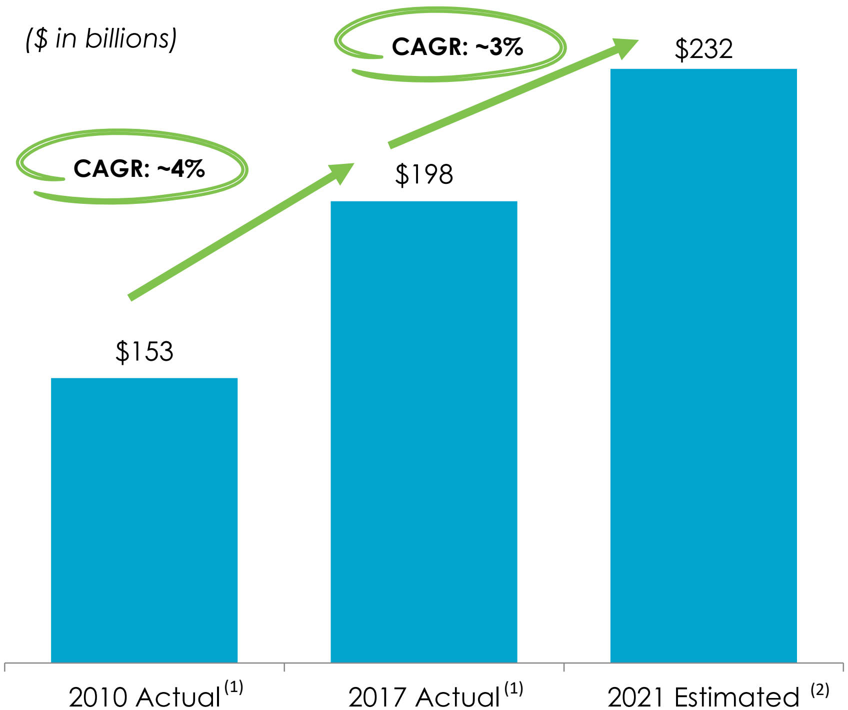
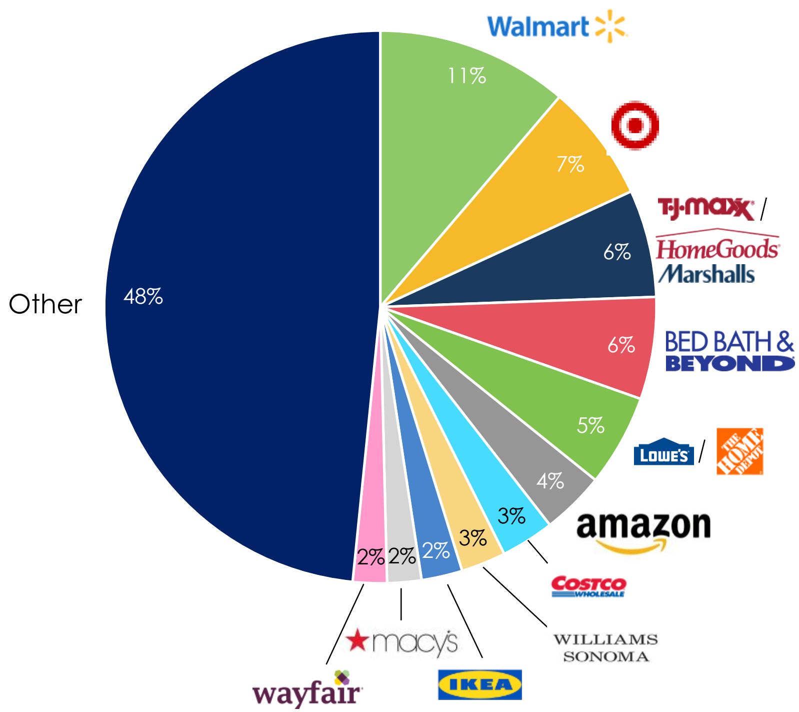
Taking Share in a Large, Growing, Highly Fragmented Industry With No Dominant Player

Home Décor Is a Large and Growing Market



Value is Winning in the Category

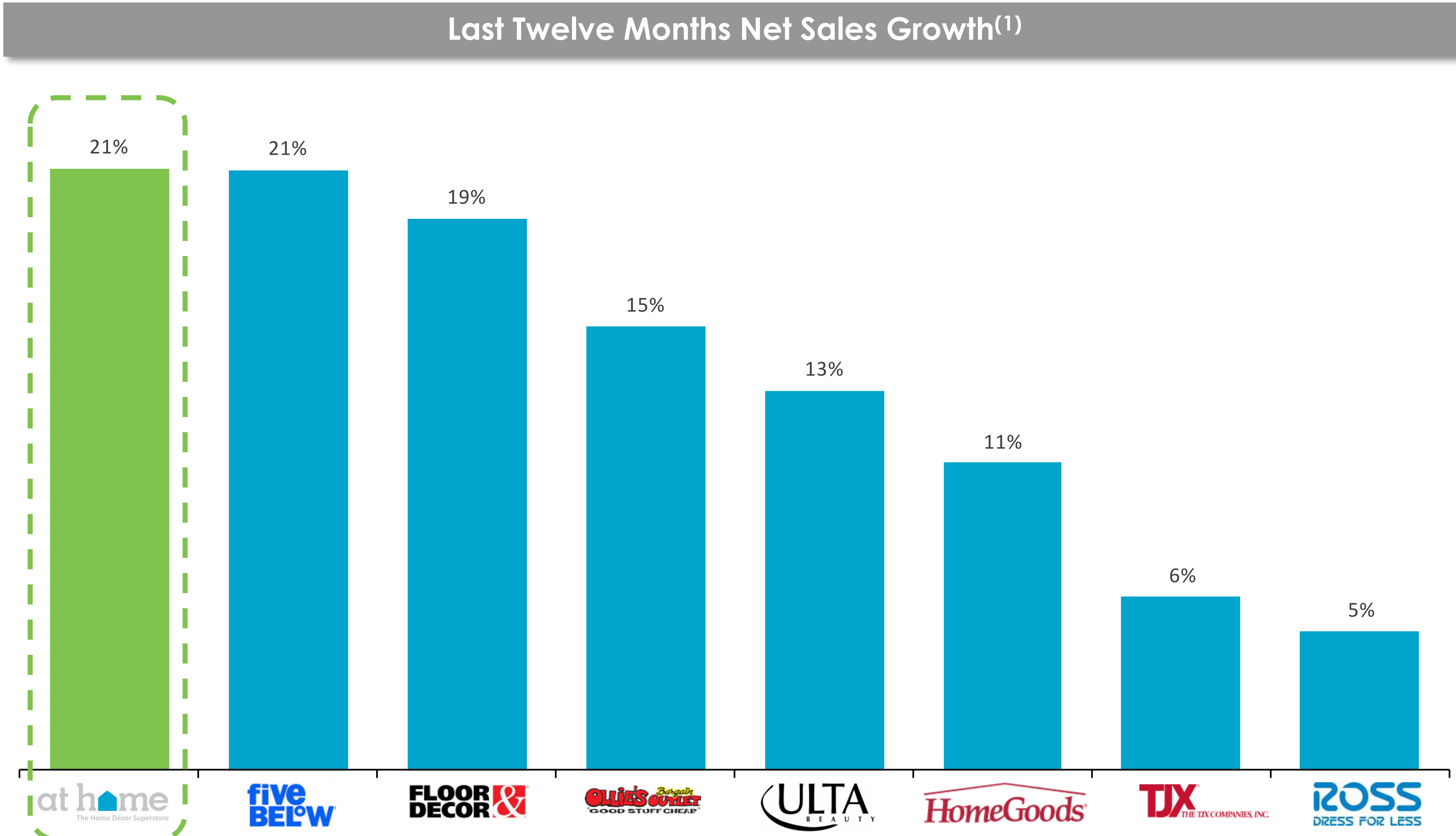
Fragmented Addressable Market[3]



Online-only retailers have < 10% of furniture and home furnishings market [1]

(1) Home Furnishings News (HFN State of the Industry report published September 2018).
(2) Estimated industry size based on expected 3.2% CAGR for 2017 - 2021 per Euromonitor Passport Homewares and Home Furnishing Store data.
(3) Home Furnishings News (HFN The Top 50 Retailers in Home Furnishings report published August 2018).

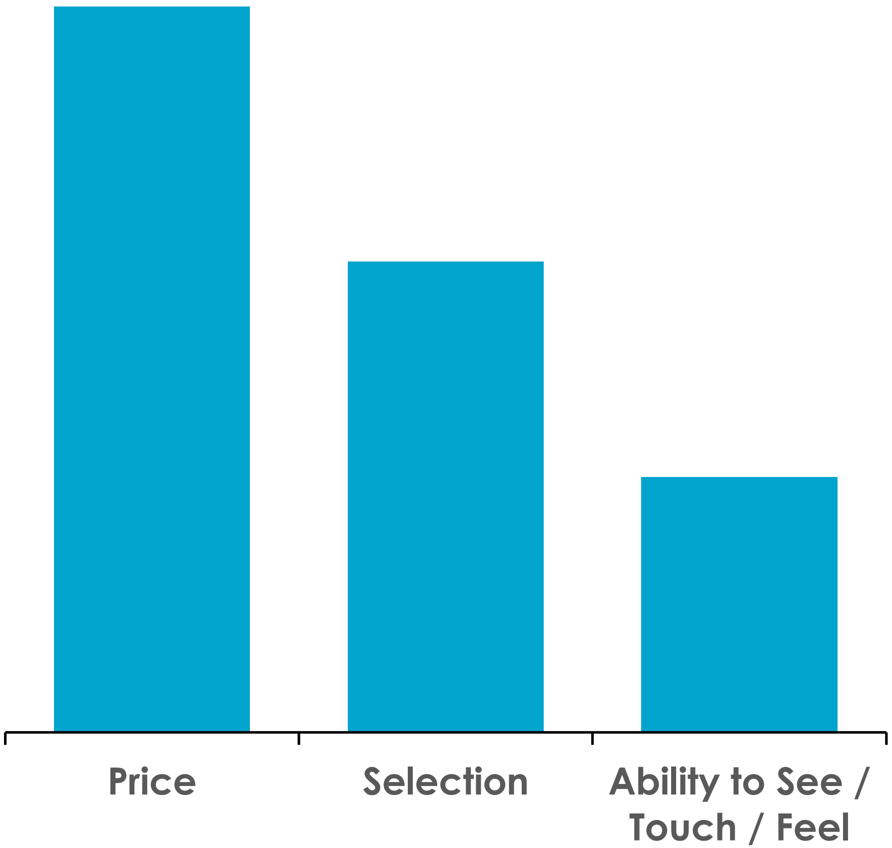
Value Is Winning Across Retail



(1) Reflects year-over-year growth rate of most recently reported trailing four quarters per company filings as of August 29, 2019.

Why Our Customers Love Us

Giving Customers What They Want Most[1]



1 Breadth and Depth

- Comprehensive selection for every room and every style under one roof

2 Low Prices

- ~$65 average basket
- <$15 average price point

3 Exclusive Products

- Over 70% of products are exclusive[2] to At Home

4 Desirable Shopping Experience

- "Treasure hunt"
- Allows customer to assess color / size / feel

5 Immediate Take Home

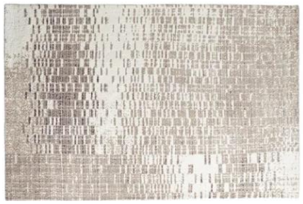
- Provides customer ability to take home today
- Avoids hassle of shipping bulky items

(1) Per November 2017 Cooper Roberts research survey: "Please rank the 3 most important factors for you personally when choosing a place to shop for home décor products."
(2) Unbranded, private label or specifically designed for At Home.

Low Price Leader

Same Style, Similar Look, Lower Price

Category	At Home	Competitor	Competitor Price
Furniture	**$429.99** (on sale $399.99)	Wayfair	**$519.99** (on sale $509.99)
Tabletop Décor	**$14.99**	Walmart	**$39.99**
Textiles	**$149.99**	Pier 1 Imports	**$249.99** (on sale $199.99)
Outdoor Décor	**$39.99** (on sale $19.99)	Lowe's	**$89.27**
Wall Decor	**$119.99**	Bed Bath & Beyond	**$210.99** (on sale $206.99)
Housewares	**$9.99**	Amazon	**$14.99**



Note: Prices as quoted online as of September 2, 2019.

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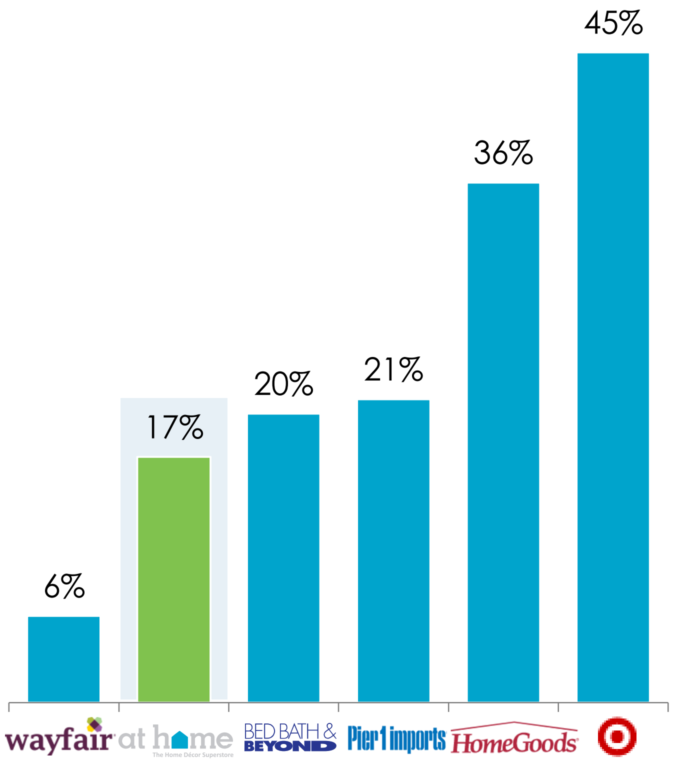
Strategies to Continue Driving Industry-Leading Growth

Building Brand Awareness Is a Huge Opportunity

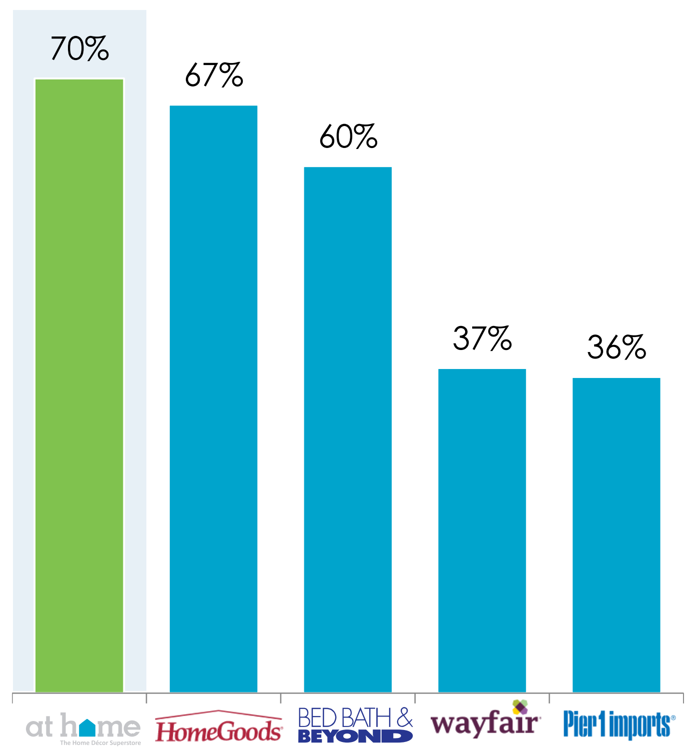
Brand Awareness Still in Early Stages

Unaided Brand Awareness(1)

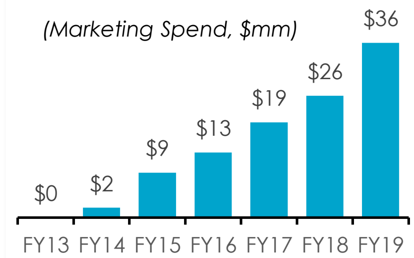


Once Customers Know Us, They Love Us

High Intent to Shop(2)



Strategies to Enhance Brand Awareness



Investing In TV and Digital Advertising

Increasing Outreach Through Direct Mail and Catalogs

(1) Per Q1 2019 Cooper Roberts survey to female home décor shoppers over 18 years of age who live within 20 miles of an At Home store: "What stores, if any, have you ever seen or heard of that sell home décor products?"

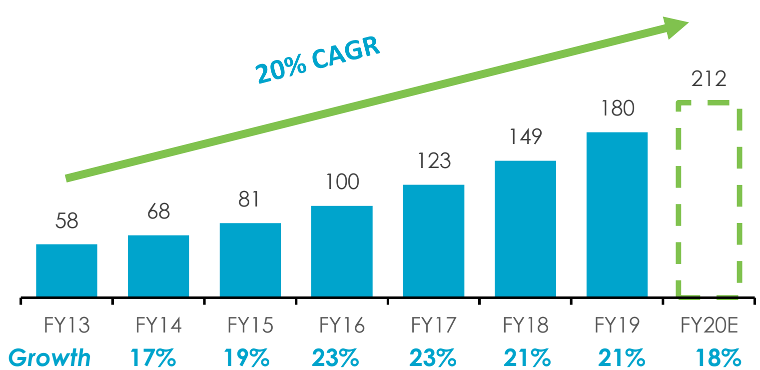
(2) Per Q4 2018 Cooper Roberts survey to customers who have shopped at At Home within the previous 12 months: "How likely are you to visit each of the following stores in the next 3 months to shop for home décor products?"

Expand Store Base

Significant Whitespace Opportunity with Track Record of Successful New Store Openings Across Markets

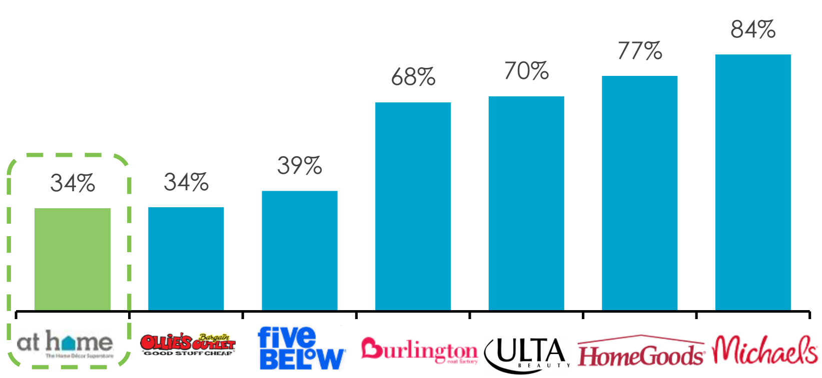
Track Record of New Store Growth

Total Number of Stores at Year End

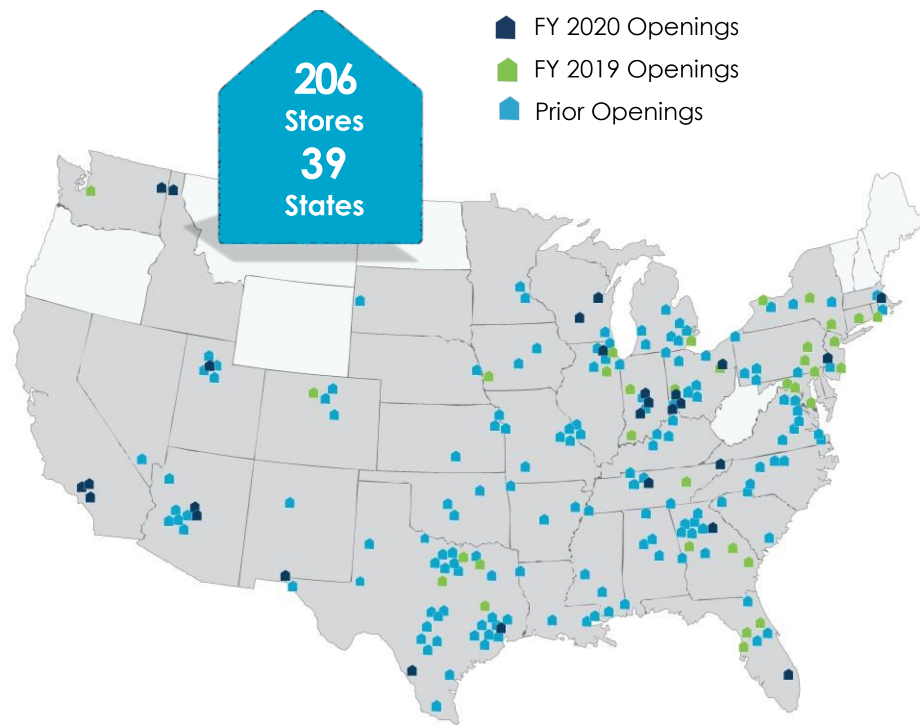


Penetration Shows Significant Whitespace

Current Penetration of Total Store Potential[(1)]



Current Store Footprint



Long-Term Opportunity to Grow Our Store Base by ~ 3X

Note: At Home store count as of September 4, 2019.
(1) Current store count, potential store count and percentage penetration are based on public company filings and Company websites.

Strong New Store Performance
Compelling Store-Level Economics

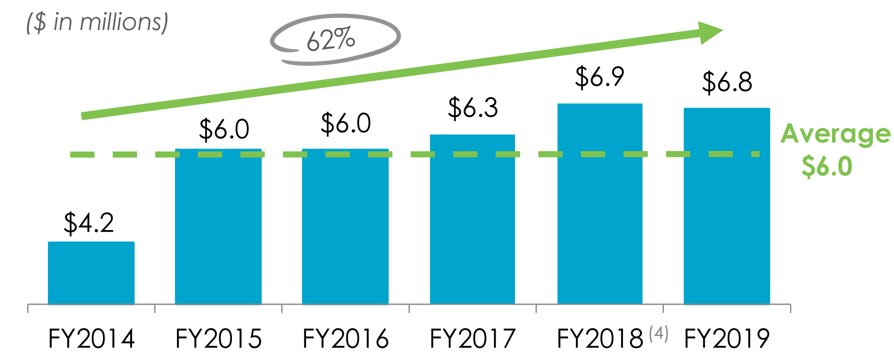
New Store Performance[1]

	Leased	Build
Year 1 Sales [2]	>$5.5 million	~$7.5 million
Store-Level Adjusted EBITDA Margin	25%+	25%+
Net Investment [5]	$3 to $4 million	$2 to $3 million
Payback Period	~2 Years	<1.5 Years

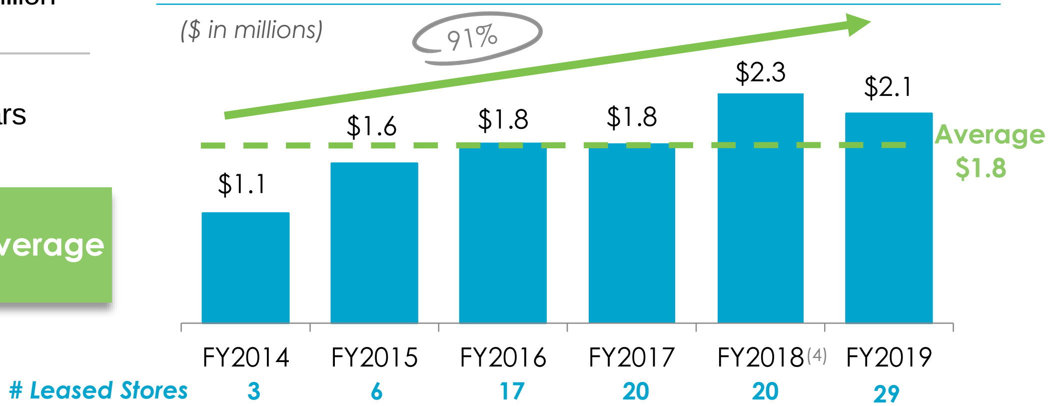
New stores have delivered <2 year payback on average

Getting Stronger As We Expand

First Year Store Sales Per Store[2]



First Year Store-Level Adjusted EBITDA[3]



(1) Represents average historical results for new stores opened after FY2013 and open at least 12 months as of January 26, 2019, excluding certain builds subject to ground leases that we do not expect to include in sale-leaseback transactions as well as the relocation of our largest volume store.
(2) Represents new store net sales within the first 12 months, including grand opening period.
(3) Synthetic rent assumed for all real estate purchases and ground-up builds.
(4) Represents actual results excluding relocation of largest volume store.
(5) Net investment includes capital spend, net working capital, pre-opening expenses and sale-leaseback proceeds.

Continue to Drive Comparable Store Sales

Product

- Continuously innovate on-trend products to drive broad appeal
- Ensure continuous newness through category reinventions
- Strengthen visual merchandising
- Optimize mix of good/better/best product

Inventory

- Ensure we have the right product at the right time at the right store
- Expand direct sourcing as a tool to reinvest in lower prices, higher brand awareness and better quality over time
- Maximize productivity of inventory in store

Customer

- Expand credit card and Insider Perks programs
- Develop CRM capabilities to personalize customer experience
- Leverage real-time customer feedback
- Explore omnichannel initiatives

Brand

- Increase brand awareness through media mix analysis and optimization
- Continue to expand digital presence and engagement to drive in-store traffic

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Enhancing the Customer Experience Digitally

- Focus on **digitally-enabling** in-store sales
- **All products and prices online,** including store-level quantities, to promote ease of browsing
- Optimize **mobile experience**
- Improve online **search** and **filter functionality**
- **Loyalty** and **credit card** designed to gather real-time **transaction data**
- Leverage **data analytics** to increase **customer engagement** and **drive traffic**
- Testing **BOPIUS** late Q4 FY2020

Increasing Digital Presence

Q2 FY2020

6.9 Million
Website Users(2)

30%+ YoY

Millennials Growing with Us

Current(1)

39
Average age

~30%
Under 30

Capturing More of the Millennial Market

Expanding Insider Perks Loyalty Program

August 2017	August 2018	August 2019
Launch Program	**2.8** Million Members	**5.4** Million Members

(1) Per Q4 2018 Cooper Roberts survey conducted with customers who have shopped At Home in the previous 12 months.
(2) Source: Google Analytics

Building a Sustainable Long-Term Model

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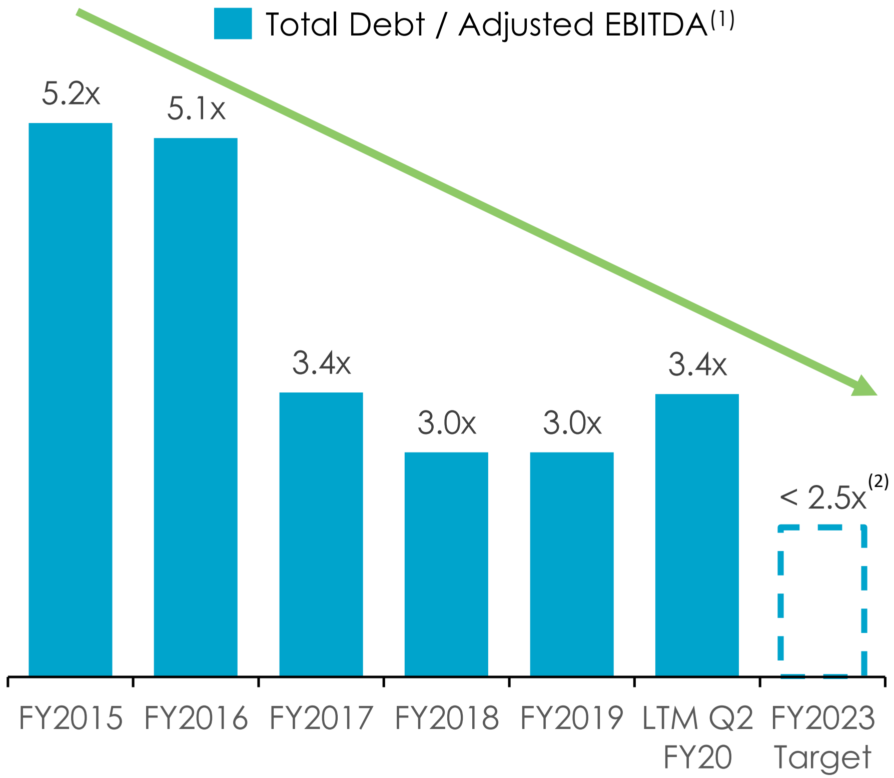
We Have Continued to Strengthen our Balance Sheet

Strategies to Drive Positive Free Cash Flow

Committed to delivering positive free cash flow and reducing leverage over time through earnings growth and capital efficiency initiatives

- Explore build-to-suit and buy-to-suit financing alternatives
- Reduce capital outlay through value engineering, strategic procurement, and a refined market-by-market approach
- Implement working capital improvements

Track Record of Reducing Leverage



(1) Total debt includes the ABL revolving credit facility, current portion of long-term debt, long-term debt and financing obligations, less unamortized deferred debt issuance cost. For LTM Q2 FY20, calculation excludes $1.1 billion of operating lease liabilities recognized in accordance with ASC 842 Leases. Please refer to the reconciliation of Adjusted EBITDA in the appendix.

(2) This target represents our goal and is not a projection of future performance. Our targets are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 26, 2019, filed with the SEC on March 27, 2019 and other documents we file with the SEC. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved, and the Company undertakes no obligation to update this information.

Extensive Efforts to Mitigate Tariffs

Tariff Mitigation Approach

List 1 – 3 @ 10% Tariff
- Collaborated with product partners
- Enacted selective price increases supported by our competitive price position
- Absorbed remaining tariff with no material margin impact

List 1 – 3 @ 25% Tariff
- Committed to sharing incremental impact with product partners
- As part of our EDLP strategy, will monitor the market and be slow and tactical in using price as an offset

List 4 @ 10% Tariff
- Disproportionately weighted to List 4B seasonal product
- Requested our product partners absorb the entire impact
- Do not expect a material impact to FY2020 profitability

Incremental 5% Tariff on Lists 1-4
- Continuing to assess the expected impact
- Collaborating with product partners on diversification
- Monitoring pricing trends and will use targeted price increases where appropriate

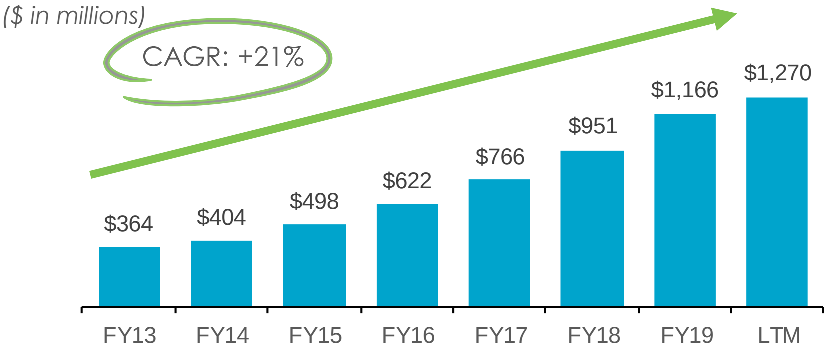
✓ Recently held meetings with over 300 product partners to review tariff mitigation and country diversification plans

✓ Collaborating on creative and practical solutions in our supply chain

✓ Direct sourcing program continues to expand, driving product cost savings and opportunity for further diversification of internationally-sourced product

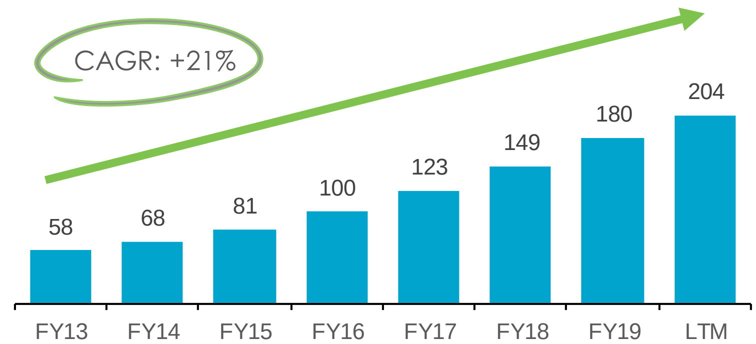
Proven Track Record of Results

Net Sales



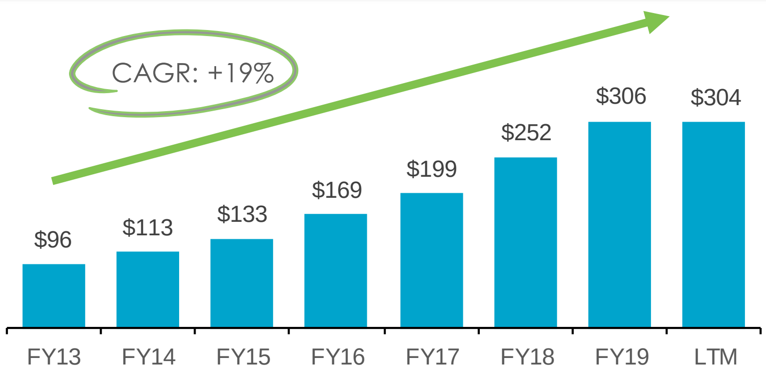
% Growth[2]		11	21	27	23	24	23	21

Store Count



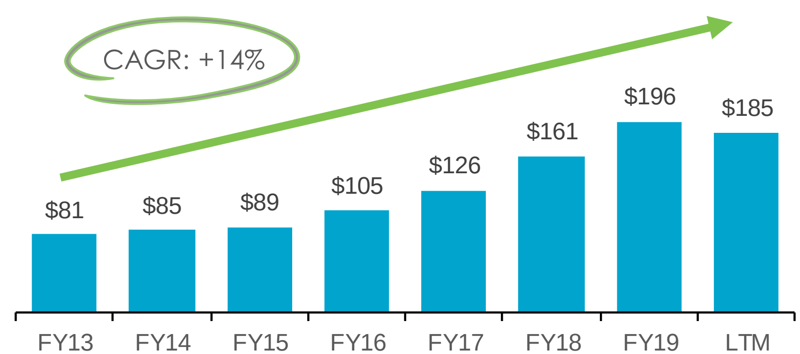
Gross New Stores	7	10	16	20	24	28	34	40

Store-level Adjusted EBITDA[1]



Margin	26	28	27	27	26	27	26	24

Adjusted EBITDA[1]



Margin	22	21	18	17	16	17	17	15

(1) The adoption of ASC 842 in Q1 FY20 required, among other things, a change to the accounting treatment of sale-leaseback transactions and the reclassification of certain of our financing obligations. For illustrative and comparative purposes only, ASC 842's adoption would have impacted Store-level Adjusted EBITDA in FY19 and LTM Q2 FY20 by ($2.4M) and ($1.4M), respectively. ASC 842's adoption would have impacted Adjusted EBITDA in FY19 and LTM Q2 FY20 by ($5.2M) and ($3.1M), respectively. Please refer to the reconciliation of Adjusted EBITDA and Store-level Adjusted EBITDA in the appendix.

(2) FY15 contained an additional week of business. FY15 and FY16 net sales growth rates have been adjusted to exclude $7.8M in net sales earned in the 53rd week of FY15.

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Why Invest in At Home?

1. Highly Differentiated Home Décor Concept
2. Compelling Customer Value Proposition
3. Significant Growth Opportunities
4. Efficient Operating Model Driving High Profitability
5. Flexible, Disciplined Real Estate Strategy and Attractive Store Economics
6. Systematic Approach to Minimize Operational Risk
7. Exceptional Management Team and Strong Corporate Culture

Targeted Growth Rates(1)	
Net New Stores	10%
Comp Store Sales	1% to 2%
Net Sales	Low Double Digit
Adjusted EPS	Low to Mid Teens

Balance Sheet Targets(1)	
Free Cash Flow	Positive
Debt to Adjusted EBITDA (Leverage Ratio)	Less than 2.5x in FY2023

(1) These growth targets represent our goals for FY2021 through FY2023 unless otherwise noted and are not projections of future performance. These targets are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 26, 2019, filed with the SEC on March 27, 2019 and other documents we file with the SEC. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved, and the Company undertakes no obligation to update this information.

Appendix

Historical Adjusted EBITDA and Store-Level Adjusted EBITDA Reconciliation

($ in thousands)	FY2013 1/26/2013	FY2014 1/25/2014	FY2015 1/31/2015	FY2016 1/30/2016	FY2017 1/28/2017	FY2018 1/27/2018	FY2019 1/26/2019	LTM 7/27/2019	FY2019 Q2 7/28/2018	FY2020 Q2 7/27/2019
Net (Loss) Income	($9,749)	($22,283)	($436)	$3,574	$27,066	$31,812	$48,996	$64,968	($10,068)	$10,382
Interest Expense, net	39,837	41,152	42,382	36,759	27,174	21,704	27,056	30,602	6,680	8,235
Loss on Extinguishment of Debt	20,744	-	-	36,046	2,715	-	-	-	-	-
Income Tax (Benefit) Provision	(1,558)	59	4,357	(14,160)	15,722	33,845	(17)	15,796	(8,440)	3,196
Depreciation and Amortization[a]	12,912	13,132	23,317	28,694	36,925	48,777	56,529	64,429	14,474	17,301
EBITDA Reconciliation	**$62,186**	**$32,060**	**$69,620**	**$90,913**	**$109,602**	**$136,138**	**$132,564**	**$175,795**	**$2,646**	**$39,114**
Gain on sale-leaseback[b]	-	-	-	-	-	-	-	(16,528)	-	-
Legal settlements and consulting and other professional services[c]	3,609	2,874	4,633	3,506	2,478	5,734	5,990	4,378	1,564	719
Relocation and Employee Recruiting[d]	321	4,442	2,928	724	262	-	-	-	-	-
Management Fees and Expenses[e]	3,805	3,690	3,596	3,612	1,847	-	-	-	-	-
Stock-based Compensation Expense[f]	292	4,373	4,251	4,663	4,066	2,491	5,530	6,300	1,884	1,637
Stock-based Compensation Related to Special One-Time IPO Bonus Grant[g]	-	-	-	-	5,318	11,273	2,521	-	1,225	-
Stock-based compensation related to one-time CEO grant[h]	-	-	-	-	-	-	41,475	-	41,475	-
Impairment of Trade Name[i]	-	37,500	-	-	-	-	-	-	-	-
Non-cash Rent[j]	1,730	1,367	1,795	2,398	2,320	3,334	4,499	10,138	1,337	4,257
Other[k]	8,567	(1,361)	1,881	(347)	384	1,829	3,827	4,559	327	1,420
Adjusted EBITDA, as Reported	**$80,510**	**$84,945**	**$88,704**	**$105,469**	**$126,277**	**$160,799**	**$196,406**	**$184,642**	**$50,458**	**$47,147**
Illustrative Impact of ASC 842[n]	-	-	-	-	-	-	(5,161)	(3,103)	(1,142)	-
Adjusted EBITDA, as Recast	**$80,510**	**$84,945**	**$88,704**	**$105,469**	**$126,277**	**$160,799**	**$191,245**	**$181,539**	**$49,316**	**$47,147**
Cost Associated with New Store Openings[l]	1,070	2,023	6,848	9,801	12,035	16,504	18,656	24,637	4,880	7,539
Corporate Overhead Expenses[m]	14,146	25,977	37,570	53,303	60,675	75,149	90,839	94,506	22,108	24,086
Less Illustrative Impact of ASC 842[n]	-	-	-	-	-	-	5,161	3,103	1,142	-
Store-level Adjusted EBITDA, as Reported	**$95,726**	**$112,945**	**$133,122**	**$168,573**	**$198,987**	**$252,452**	**$305,901**	**$303,785**	**$77,446**	**$78,772**
Illustrative Impact of ASC 842[n]	-	-	-	-	-	-	(2,400)	(1,393)	(607)	-
Store-level Adjusted EBITDA, as Recast	**$95,726**	**$112,945**	**$133,122**	**$168,573**	**$198,987**	**$252,452**	**$303,501**	**$302,392**	**$76,839**	**$78,772**

The Home Décor Superstore

Historical Adjusted EBITDA and Store-Level Adjusted EBITDA Reconciliation

(a) Includes the portion of depreciation and amortization expenses that are classified as cost of sales in our consolidated statements of income.

(b) As of January 27, 2019, we fully recognized the gains on sale-leaseback transactions on the condensed consolidated statements of income in accordance with ASC 842.

(c) Primarily consists of (i) consulting and other professional fees with respect to projects to enhance our merchandising and human resource capabilities and other company initiatives; and (ii) transaction costs and charges incurred in connection with the sale of shares of our common stock on behalf of our Sponsors.

(d) Primarily reflects employee recruiting and relocation costs in connection with the build-out of our management team.

(e) Reflects management fees paid to our Sponsors in accordance with our management agreement. In connection with our initial public offering, the management agreement was terminated on August 3, 2016 and our Sponsors no longer receive management fees from us.

(f) Non-cash stock-based compensation expense related to the ongoing equity incentive program that we have in place to incentivize, retain and motivate our employees, officers and non-employee directors.

(g) Non-cash stock-based compensation expense associated with a special one-time initial public offering bonus grant to certain members of senior management (the "IPO grant"), which we do not consider in our evaluation of our ongoing performance. The IPO grant was made in addition to the ongoing equity incentive program that we have in place to incentivize, retain and motivate our employees, officers and non-employee directors and was made to reward certain senior executives for historical performance and allow them to benefit from future successful outcomes for our Sponsors.

(h) Non-cash stock-based compensation expense associated with a special one-time grant of stock options to our Chairman and Chief Executive Officer that vested and was fully recognized in the second fiscal quarter 2019 (the "CEO grant"), which we do not consider in our evaluation of our ongoing performance.

(i) Reflects the impairment of the Garden Ridge trade name as a result of our rebranding initiative.

(j) Consists of the non-cash portion of rent, which reflects (i) the extent to which our GAAP straight-line rent expense recognized exceeds or is less than our cash rent payments, partially offset by (ii) the amortization of deferred gains on sale-leaseback transactions that are recognized to rent expense on a straight-line basis through the applicable lease term for periods through Q4 fiscal year 2019. The offsetting amounts relating to the amortization of deferred gains on sale-leaseback transactions were $(8.8) million, $(6.3) million, $(4.7) million, $(3.2) million, $(1.8) million and $(0.3) million during fiscal years 2019, 2018, 2017, 2016, 2015 and 2014, respectively. The GAAP straight-line rent expense adjustment can vary depending on the average age of our lease portfolio, which has been impacted by our significant growth. For newer leases, our rent expense recognized typically exceeds our cash rent payments while for more mature leases, rent expense recognized is typically less than our cash rent payments.

(k) Other adjustments include amounts our management believes are not representative of our ongoing operations, including:
- for fiscal year 2013, a $5.6 million exit payment to former management;
- for fiscal year 2014, an insurance reimbursement of $(1.6) million and a prior year audit refund of $(0.5) million;
- for fiscal year 2015, asset retirements related to our rebranding of $0.6 million and $0.4 million for a store relocation;
- for fiscal year 2016, gain on the sale of our property in Houston, Texas of $(1.8) million and $(0.3) million related to various refunds for prior period taxes and audits, slightly offset by $0.5 million in expenses incurred for a store closure;
- for fiscal year 2017, a loss of $0.3 million recognized on the sale of land in connection with the expansion of our distribution center;
- for fiscal year 2018, an impairment charge of $2.4 million following the resolution of a legal matter;
- for fiscal year 2019, costs incurred of $2.4 million related to the CFO Transition, payroll tax expense of $0.8 million related to the exercise of stock options and $0.5 million related to the one-time loss incurred related to the acquisition of land for the purposes of building a new store in fiscal year 2020 that had a pre-existing unusable structure on the premises that was demolished; and
- (i) for the thirteen weeks ended July 27, 2019, costs incurred of $1.4 million related to the restructuring of our merchandising department; and (ii) for the thirteen weeks ended July 28, 2018, a payroll tax expense related to the exercise of stock options of $0.3 million.

(l) Reflects non-capital expenditures associated with opening new stores, including marketing and advertising, labor and cash occupancy expenses. Costs related to new store openings represent cash costs, and you should be aware that in the future we may incur expenses that are similar to these costs. We anticipate that we will continue to incur cash costs as we open new stores in the future. We opened 34, 28, 24, 20, 16, 10 and seven new stores during fiscal years 2019, 2018, 2017, 2016, 2015, 2014 and 2013, respectively.

(m) Reflects corporate overhead expenses, which are not directly related to the profitability of our stores, to facilitate comparisons of store operating performance as we do not consider these corporate overhead expenses when evaluating the ongoing performance of our stores from period to period. Corporate overhead expenses, which are a component of selling, general and administrative expenses, are comprised of various home office general and administrative expenses such as payroll expenses, occupancy costs, marketing and advertising, and consulting and professional fees. See our discussion of the changes in selling, general and administrative expenses presented in "—Results of Operations". Store-level Adjusted EBITDA should not be used as a substitute for consolidated measures of profitability or performance because it does not reflect corporate overhead expenses that are necessary to allow us to effectively operate our stores and generate Store-level Adjusted EBITDA. We anticipate that we will continue to incur corporate overhead expenses in future periods.

(n) Represents the necessary adjustments to reflect management's estimates of the impact of the adoption of ASC 842 on fiscal year 2019 results, which requires, among other things, a change to the accounting treatment of sale-leaseback transactions and the reclassification of certain of our financing obligations.

Historical Adjusted Operating Income Reconciliation

($ in thousands)	FY2018 1/27/2018	Q1 2019 4/28/2018	Q2 2019 7/28/2018	FY2019 Q3 10/27/2018	Q4 2019 1/26/2019	FY2019 1/26/2019	Q1 2020 4/27/2019	Q2 2020 7/27/2019
Operating Income (Loss) as Reported	$87,361	$24,200	($11,828)	$19,096	$44,568	$76,035	$25,889	$21,813
Gain on sale-leaseback[(a)]	-	-	-	-	-	-	(16,528)	-
Impairment charges	2,422	-	-	-	-	-	-	-
Stock-based compensation related to special one-time IPO bonus grant[(b)]	11,273	1,296	1,225	-	-	2,521	-	-
Stock-based compensation related to one-time CEO grant[(c)]	-	-	41,475	-	-	41,475	-	-
Payroll tax expense related to special one-time IPO bonus stock option exercises[(d)]	-	11	35	18	5	69	36	10
CFO Transition costs[(e)]	-	-	-	1,129	1,264	2,393	-	-
Loss on dispposal of building[(f)]	-	-	-	-	500	500	-	-
Merchandising department restructuring[(g)]	-	-	-	-	-	-	-	870
Other[(h)]	1,450	522	657	300	-	1,478	899	474
Adjusted Operating Income, as Reported	**$102,506**	**$26,029**	**$31,564**	**$20,543**	**$46,337**	**$124,471**	**$10,296**	**$23,167**
Illustrative Impact of ASC 842[(i)]	-	(2,838)	(3,238)	(3,980)	(3,621)	(13,677)	-	-
Adjusted Operating Income, as Recast[(i)]	**$102,506**	**$23,191**	**$28,326**	**$16,563**	**$42,716**	**$110,794**	**$10,296**	**$23,167**
Adjusted Operating margin, as Recast	10.8%	9.1%	9.8%	6.2%	12.1%	9.5%	3.4%	6.8%

(a) As of January 27, 2019, we fully recognized the gains on sale-leaseback transactions on the condensed consolidated statements of income in accordance with ASC 842.
(b) Non-cash stock-based compensation expense associated with a special one-time initial public offering bonus grant to certain members of senior management (the "IPO grant"), which we do not consider in our evaluation of our ongoing performance. The IPO grant was made in addition to the ongoing equity incentive program that we have in place to incentivize, retain and motivate our employees, officers and non-employee directors and was made to reward certain senior executives for historical performance and allow them to benefit from future successful outcomes for our Sponsors.
(c) Non-cash stock-based compensation expense associated with a special one-time grant of stock options to our Chairman and Chief Executive Officer that vested and was fully recognized in the second fiscal quarter 2019 (the "CEO grant"), which we do not consider in our evaluation of our ongoing performance.
(d) Payroll tax expense related to stock option exercises associated with the IPO grant, which we do not consider in our evaluation of our ongoing performance.
(e) Costs related to the CFO Transition in the fiscal year ended January 26, 2019.
(f) One-time loss incurred related to the acquisition of land for the purposes of building a new store in fiscal year 2020 that had a pre-existing unusable structure on the premises that was demolished.
(g) Includes certain employee related costs incurred as part of restructuring our merchandising department.
(h) Other adjustments include amounts our management believes are not representative of our ongoing operations, including charges incurred in connection with the sale of shares of our common stock on behalf of certain existing stockholders and other transaction costs.
(i) Represents the necessary adjustments to reflect management's estimates of the impact of the adoption of ASC 842 on fiscal year 2019 results, which requires, among other things, a change to the accounting treatment of sale-leaseback transactions and the reclassification of certain of our financing obligations.

Historical Pro Forma Adjusted Net Income Reconciliation

($ in thousands)	FY2018 1/27/2018	Q1 2019 4/28/2018	Q2 2019 7/28/2018	Q3 2019 10/27/2018	Q4 2019 1/26/2019	FY2019 1/26/2019	Q1 2020 4/27/2019	Q2 2020 7/27/2019
Net Income (Loss) as Reported	$31,812	$18,361	($10,068)	$11,090	$29,613	$48,996	$13,883	$10,382
Gain on sale-leaseback[(a)]	-	-	-	-	-	-	(16,528)	-
Impairment charges	2,422	-	-	-	-	-	-	-
Loss on modification of debt[(b)]	179	-	-	-	-	-	-	-
Stock-based compensation related to special one-time IPO bonus grant[(c)]	11,273	1,296	1,225	-	-	2,521	-	-
Payroll tax expense related to special one-time IPO bonus stock option exercises[(d)]	-	11	35	18	5	69	36	10
Stock-based compensation related to one-time CEO grant [(e)]	-	-	41,475	-	-	41,475	-	-
CFO Transition costs[(f)]	-	-	-	1,129	1,264	2,393	-	-
Loss on disposal of building[(g)]	-	-	-	-	500	500	-	-
Merchandising department restructuring[(h)]	-	-	-	-	-	-	-	870
Other[(i)]	1,450	522	657	300	-	1,478	899	474
Tax impact (benefit) of adjustments to net income (loss)[(j)]	(4,003)	(11)	(10,355)	(350)	(94)	(10,810)	3,612	(308)
Tax impact (benefit) related to special one-time IPO bonus stock option exercises[(k)]	-	(54)	(343)	(168)	(28)	(593)	(6)	(7)
Deferred tax impact related to Tax Act[(l)]	16,694	-	-	-	-	-	-	-
Adjusted Net Income, as Reported	**$59,827**	**$20,125**	**$22,626**	**$12,019**	**$31,260**	**$86,029**	**$1,896**	**$11,421**
Illustrative Impact of ASC 842[(m)]	-	(1,885)	(2,038)	(2,561)	(2,306)	(8,789)	-	-
Adjusted Net Income, as Recast	**$59,827**	**$18,240**	**$20,588**	**$9,458**	**$28,954**	**$77,240**	**$1,896**	**$11,421**
Pro Forma Adjusted EPS, as Recast	$ 0.94	$ 0.28	$ 0.31	$ 0.14	$ 0.44	$ 1.17	$ 0.03	$ 0.18

at home
The Home Décor Superstore

Historical Pro Forma Adjusted Net Income Reconciliation

(a) As of January 27, 2019, we fully recognized the gains on sale-leaseback transactions on the condensed consolidated statements of income in accordance with ASC 842.
(b) Non-cash loss due to a change in the ABL Facility lenders under the ABL Amendment resulting in immediate recognition of a portion of the related unamortized deferred debt issuance costs.
(c) Non-cash stock-based compensation expense associated with a special one-time initial public offering bonus grant to certain members of senior management (the "IPO grant"), which we do not consider in our evaluation of our ongoing performance. The IPO grant was made in addition to the ongoing equity incentive program that we have in place to incentivize, retain and motivate our employees, officers and non-employee directors and was made to reward certain senior executives for historical performance and allow them to benefit from future successful outcomes for our Sponsors.
(d) Payroll tax expense related to stock option exercises associated with the IPO grant, which we do not consider in our evaluation of our ongoing performance.
(e) Non-cash stock-based compensation expense associated with a special one-time grant of stock options to our Chairman and Chief Executive Officer that vested and was fully recognized in the second fiscal quarter 2019 (the "CEO grant"), which we do not consider in our evaluation of our ongoing performance.
(f) Costs related to the CFO Transition in the fiscal year ended January 26, 2019.
(g) One-time loss incurred related to the acquisition of land for the purposes of building a new store in fiscal year 2020 that had a pre-existing unusable structure on the premises that was demolished.
(h) Includes certain employee related costs incurred as part of restructuring our merchandising department.
(i) Other adjustments include amounts our management believes are not representative of our ongoing operations, including charges incurred in connection with the sale of shares of our common stock on behalf of certain existing stockholders and other transaction costs.
(j) Represents the tax impact associated with the adjusted expenses. After giving effect to the adjustments to net income, the adjusted effective tax rates for fiscal years 2017, 2018 and 2019 were 36.7%, 26.1% and 11.7%, respectively. The adjusted effective tax rate was 23.5% for the thirteen weeks ended July 27, 2019; 25.0% for the thirteen weeks ended April 27, 2019; 19.3% for the thirteen weeks ended January 26, 2019; 11.3% for the thirteen weeks ended October 27, 2018; 9.1% for the thirteen weeks ended July 28, 2018; and 0.6% for the thirteen weeks ended April 28, 2018.
(k) Represents the income tax impact (benefit) related to stock option exercises associated with the IPO grant.
(l) Represents the tax impact of the revaluation of net deferred tax assets in accordance with the Tax Act.
(m) Represents the necessary adjustments to reflect management's estimates of the impact of the adoption of ASC 842 on fiscal year 2019 results, which requires, among other things, a change to the accounting treatment of sale-leaseback transactions and the reclassification of certain of our financing obligations.

Overview of Lease Accounting Standard Change (FY2020)

Overview

- **Change in GAAP methodology impacts line item geography and timing of certain lease-related costs**
- **Changes do <u>not</u> impact cash flows**
- **We are presenting comparative financial information in our FY2020 reporting**

Balance Sheet Impact

- $98.6 million of deferred gains on sale-leaseback transactions were reclassified to opening retained earnings
- Present value of all operating leases were recorded as assets ($1.0 billion) and liabilities ($1.1 billion)
- Financing obligations were revalued and reflected as operating leases (assets and liabilities)

Income Statement Impact

- Deferred gains from FY2019 and prior sale-leaseback (SLB) transactions will no longer be amortized as an offset to rent expense (cost of sales) over the life of the lease
- Entire gain from FY2020 and future SLB transactions will be recognized as operating income in the transaction period and backed out of adjusted income metrics
- Qualified store pre-opening costs incurred prior to signing a lease will be expensed to SG&A instead of capitalized beginning in FY2020
- Interest expense related to leases treated as financing obligations in FY2019 will transition to rent expense (cost of sales) in FY2020 and beyond (line item geography, no material net income impact)

Note: For discussion of this change in methodology as a result of ASC 842 "Leases", please consult "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Recent Accounting Pronouncements" in Form 10-K for the fiscal year ended January 26, 2019, along with Note 10 - "Commitments and Contingencies" in Form 10-Q for the first quarter ended April 27, 2019 and filed with the SEC on June 6, 2019, and other documents we file with the SEC.